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Approved For Release 2000/08/18 : CIA-RDP64-00360R000700070026-0

(1) Contractor claimed through progress payments a total of \$22,170.13 for Materials which in his final statement of costs are broken down into direct material and subcontracting, plant equipment, minor equipment, and plant rearrangement costs. The \$334.80 questioned of total billings was for the following which were billed under Invoice No. 5111.5 dated February 29, 1956.

<u>Date</u>	<u>Item</u>	<u>Cost</u>
3/13/56	4 ea Dazor Lamps	\$62.40
3/13/56	Bench Grinder, Clamps, Drills	131.39
3/13/56	Pliers 1,2,3,4,5,6	10.88
3/13/56	Misc. Tools	21.84
3/13/56	Dial Test Indicator	60.22
3/13/56	Misc. Tools	38.52
3/13/56	Solder Gun and Tips	9.55
		<u>\$334.80</u>

The Contractor in his final claim reduced the previous material claim of \$22,170.23 by \$334.80 or a net claim of \$21,835.43.

(2) Questioned, as it was felt that the manufacturing plant should be equipped with items necessary to perform. The equipment consisted of the following items:

<u>Plant Equipment</u>	<u>Cost</u>
Hilger Standard Tally, Serial No. 55589	\$883.00
Sextant Averager Assly.	378.50
	<u>\$1,261.50</u>

<u>Minor Equipment</u>	<u>Cost</u>
16" Slatel Globe	\$46.50
Lens, 128 mm, 628 mm FL	75.00
Telescope 85.005	32.50
	<u>\$154.00</u>

The contractor agreed by letter dated March 29, 1956 to purchase the Hilger Standard item therefore the \$883.00 claim was disallowed.

The balance of the equipment was allowed as it was determined that it was special equipment required for this particular job and not items of a standard nature.

(3) The Contractor by letter dated January 20, 1956 requested permission to outfit a special room due to the special security of our project and the rush nature of the job. Said letter requested permission to charge half the cost to the contract or approximately \$500.00. Permission was verbally granted by the Contracting Officer to proceed with the special room. One half of the Contractor's claim was questioned in view of the above agreement. The contractor's claims of \$736.62 was for only 50% of the total cost, therefore the questioned cost of \$368.31 was allowed. No rehabilitation costs or disposal of

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special ventilating fans has been taken into account in settlement of this contract as subsequent contracts have been issued for additional quantities of equipment developed under this contract. Therefore the special room is still being utilized to the advantage of the Government.

(4) The contract reads in part as follows:

"travel - - Necessary travel in connection with this contract shall be considered as a direct cost to this contract."

The amount of \$412.00 questioned was for short trips which the Contractor normally charges to general and administrative expenses. It was determined during settlement negotiations that this travel claim was special and was beyond the Contractor's normal travel, therefore the cost questioned was reinstated.

(5) Error in computation. Concurred in by Contractor.

3. The Contractor stated in his letter of March 13, 1956 that the "permanently sealed bubble" developed is of a patentable nature. The contractor will advise subsequently whether or not they elect to pursue a patent. Said letter also disclosed that no royalties were or are to be paid in connection with performance of the contract.

4. The residual inventory was transferred to Contract No. B-5111-A and the Contractor will be required under the terms thereof to account for same. One item was not transferred which was the Telescope 85.005. This item cost \$32.50 and was cannibalized in order to complete performance of the work.

STATINTL
[REDACTED]

Project Contracting Officer

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DISTRIBUTION:

- Orig - [REDACTED] Master - Authorities Sec.
- 2 - [REDACTED] Payment Folder
- 3 - Project Comptroller✓
- 4 - Chrono
- 5 - Reading

STATINTL
[REDACTED]

(16 Aug 56)